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RUEHLO/AMEMBASSY LONDON PRIORITY 1804
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RUEHNE/AMEMBASSY NEW DELHI PRIORITY 1083
RUEHOT/AMEMBASSY OTTAWA PRIORITY 2155
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C O N F I D E N T I A L SECTION 01 OF 03 CANBERRA 000374

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DEPARTMENT FOR EAP/ANP

E.O. 12958: DECL: 04/09/2018

TAGS: PREL PGOV PK AS

SUBJECT: AUSTRALIA TO DOUBLE ASSISTANCE TO PAKISTAN

REF: 2008 STATE 029860

Classified By: Political Counsellor James F. Cole for reasons 1.4(b) and (d)

SUMMARY

¶11. (C) Officials from the Department of Foreign Affairs and Trade (DFAT) and the Australian Agency for International Development (AusAID) confirmed plans to double assistance to Pakistan through 2010. GOA aid is expected to increase from approximately US \$23M to US \$46M. This growth continues a policy goal of the Howard government to increase Australia's Overseas Development Assistance (ODA) from 0.3 percent of GDP to 0.5 percent by 2015. Increases in Pakistan's aid have been given higher priority based both on need and the environment in the country. GOA assistance in Pakistan is intended to improve regional stability. Assistance will continue to be provided in cooperation with other organizations and will remain primarily focused on the health and education sectors in Pakistan's frontier regions. The new Rudd government agenda may result in additional programs for disabled persons such as landmine victims or water sanitation. The officials also observed that dry climate agricultural programs may expand from Afghanistan into Pakistan under the new government's agenda. End Summary.

¶12. (C) Per Reftel, Poloff and Deputy Econ Counsellor met on April 8 with Lisa Rice Madan, Assistant Secretary of South & West Asia Branch, DFAT; Jon Bonnar, Executive Officer, Pakistan, Bangladesh and West Asia Section, DFAT; Alistair Sherwin, Assistant Director General Humanitarian and Middle East, AusAID; Dave Vosen, Director - Pakistan, Iraq, Middle East, Afghanistan & Pakistan Section, AusAID; and Paul Roche, Program Coordinator - Pakistan, Iraq, Middle East, Afghanistan & Pakistan, AusAID. The reftel questions about GOA assistance to Pakistan were put to the officials and their answers are noted following each question below. All

figures are in approximate US dollars at the current exchange rate of A\$0.92/US\$1.00. The GOA fiscal year runs from July 1 through June 30.

13. (C) How much development assistance did the host government provide to Pakistan in 2007 and in what form was the aid provided (e.g. budget support, project-related, energy subsidies) ? Was this number consistent with previous years?

-- The GOA is providing \$23M in total project-related aid to Pakistan for the fiscal year ending June 2008 - up from around \$13M in recent years. Earthquake relief assistance stands at \$68M and is delivered through UNICEF and ADB trust funds.

14. (C) How much assistance is the host country providing in the form of debt relief (either bilaterally or multilaterally) or debt rescheduling?

-- The GOA provides no assistance in the form of debt relief. All assistance is provided on a grant basis.

Q All assistance is provided on a grant basis.

15. (C) How does the host country prioritize among sectors and regions in allocating development assistance?

-- Assistance from the GOA is focused on Millenium Development Goals 2, 4 and 5 (achieving universal education, reducing child mortality, and improving maternal health).

16. (C) What strategic objectives is the host government pursuing in its allocation of aid to Pakistan? In what future areas are/might host country efforts be focused? Are

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they open to doing more or under pressure to reduce their activities?

-- The GOA is committed to increasing their assistance to Pakistan to improve regional security. In addition to expanding educational and health programs, the GOA may consider adding programs for disabled persons such as landmine victims, water sanitation programs, or dry climate agricultural programs.

17. (C) What is the breakdown between aid allocated on bilateral basis and through multilateral institutions?

-- Of the FY 2007 total aid of \$23M, \$18.2M or 80 percent of GOA's assistance is provided through bilateral programs delivered in cooperation with other organizations. Australia is a signatory to the 2005 Paris Declaration and therefore, seeks to work with other donors to maximize assistance impact. Program partners include UNICEF and DFID. GOA assistance funds educational programs of \$4M, a border initiative of \$6M, health programs of \$2.5M, earthquake relief of \$3.8M, governance programs of \$0.6M and an agricultural sector linkages program of \$1.3M. Other ODA totalling approximately \$4.6M is provided in scholarships, agricultural research, and direct contributions to Australian NGO's doing work in Pakistan.

18. (C) How much of the assistance is "tied" to purchases of host country goods and services and how much is actually spent in Pakistan?

-- All GOA assistance - and not just for Pakistan - is "untied".

19. (C) To what extent is the host country able to help Pakistan deal with immediate and critical shortages in its energy and food sectors and with deficiencies in its public health sector?

-- The GOA feels well-placed to respond to a food emergency in Pakistan and is addressing public health sector

deficiencies through its current programs.

¶10. (C) How much assistance does the host country provide for educational reform? What is the nature of this assistance and how is it targeted geographically?

-- AusAID's education programs total nearly \$4M, including scholarships and a program in Balochistan. Additional programs targeted at education are included in both existing earthquake relief efforts and a new border initiative. The new border program of \$6.0M will focus on Balochistan, the FATA and NWFP, and will also address health issues and poverty reduction.

¶11. (C) What are the chief modalities for delivering assistance and do mechanisms exist for any of this aid to be delivered quickly for immediate impact?

-- Australia's assistance programs are developed with other international donors and delivered locally.

¶12. (C) What measures, if any, have the host country and Pakistan agreed on for ensuring that aid achieves its intended results?

-- AusAID indicates that the GOP is engaged in setting Q-- AusAID indicates that the GOP is engaged in setting assistance program goals and measuring results, but in reality, seem to be more focused on internal issues. One of the program outcomes is for AusAID to help the GOP establish goals and measures to improve program results.

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¶13. (C) Did the host government provide security assistance to Pakistan in 2007? If so, was this in equipment, training, or officer education exchanges? Was the assistance on par with previous years?

-- The DFAT and AusAID officials were not aware of any security assistance provided in 2007.

¶14. (C) Would host government be willing to collaborate with other donors to bring more coherence and prioritization to international efforts in Pakistan?

-- Yes. As a signatory to the 2005 Paris Declaration, the GOA seeks to work with other donors to maximize assistance program impact, and their small (one direct-hire) program in Pakistan already coordinates extensively with other donors. They would welcome opportunities to work with the U.S. and others on assistance programs in Pakistan.

¶15. (C) Has host country coordinated previously with other donors in Pakistan? On what programs? Please describe the results.

-- AusAID works with UNICEF and DFID on health and education programs in Pakistan. The \$2.8M education programs focus on strengthening national education systems and support to primary education, including access to education by 5-7 year olds in Balochistan. AusAID's \$2.5M health programs are targeted toward reducing blindness among the poor and improving maternal, newborn and child health. Earthquake relief partners include the Asian Development Bank and UNICEF. The \$3.8M programs focus on the construction of primary and middle schools and adequate teacher staffing. AusAID is also working through the South Asia Governance Fund to support voter education and build capacity in managing saline and waterlogged landscapes. This program totals \$0.6M.

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